MANAV RACHNA INTERNATIONAL UNIVERSITY

Research Plan

For

Ph. D. Programme 2009-10

Title: EVALUATING PERFORMANCE APPRAISAL SYSTEM & ITS IMPLEMENTATION PROCESS IN INDIAN PUBLIC SECTOR BANKS

FACULTY OF MANAGEMENT STUDIES

Submitted by:

Name: Inder Krishen Kilam
Signature:

Contact No.: +91 9810682512, +91 8800495717
Email ID: ikkilam@hotmail.com
Registration No.: 09029990131

Supervisor:
Name: Dr. N.C. Wadhwa
Signature:

Designation: Vice Chancellor, MRIU
Contact No: +91 9871364545

ABSTRACT

The Performance Appraisal System (PAS) is a very important HRD sub system within any organization. Performance appraisal includes performance review of short term & long term goals and this process itself plays a very crucial role in effective management of business in today's competitive world. Several organizations are however now looking in the rear view mirror at the road they have traveled, by focusing on the historical performance appraisal methods & while taking the current environmental context into account, attempt to review & recast the appraisal systems as practiced. And this becomes an overall learning & development process for organizations & its people and also for the HRD practitioners, thinkers & researchers.

It is felt that to achieve the objectives of employees' development and organizational improvement, organizations should now move to a larger frame of performance appraisal system, making it compulsory to make a periodic review & bring in needed changes from time to time. Performance management is a joint process where both the supervisors and the employees identify common goals, which correlate to the higher goals of the organization. For all this purpose, there is need & scope for full research on the subject, particularly in the context of public sector banks where we see a lot of competition & change both from the employees' & customers' perspective.

Key words: Performance, Appraisal, Employees, Banking, Organization, HRD

CONTENTS

S. No.	Description	Page No.
1	Introduction	4
2	Literature Review	5
3	Description of Broad Area / Topic	7
4.	Objectives of the Study	8
5	Methodology to be adopted	9
6	Proposed / expected outcome of the research	10
7	Proposed Time Frame (Gantt Chart)	11
8	References	12

1. Introduction

The Performance Appraisal System (PAS) is a very important HRD sub system within any organization. It is not only an important tool for review & appraisal of individual performances, but it helps a great deal in identification & appraisal of future potential as well. If designed & implemented well, the whole process of PAS, in fact, contributes greatly towards people's overall development within an organization, which in turn contributes to the growth & development of the organization itself.

Performance appraisal includes performance review of short term & long term goals and this process itself plays a very crucial role in effective management of business in today's competitive world. Several organizations are however now looking in the rear view mirror at the road they have traveled, by focusing on the historical performance appraisal methods & while taking the current environmental context into account, attempt to review & recast the appraisal systems as practiced. And this becomes an overall learning & development process for organizations & its people and also for the HRD practitioners, thinkers & researchers.

In practice, however, terms like performance appraisals, performance review and performance evolution are not usually liked, as employees would not want to hear that they were less than perfect last year. Even managers & supervisors do not very much like these terms because they would not ideally like to engage in avoidable unpleasant arguments and lower the morale of employees resulting from such reviews.

It is felt that to achieve the objectives of employees' development and organizational improvement, organizations should now move to a larger frame of performance appraisal system, making it compulsory to make a periodic review & bring in needed changes from time to time. Performance management is a joint process where both the supervisors and the employees identify common goals, which correlate to the higher goals of the organization. For all this purpose, there is need & scope for full research on the subject, particularly in the context of public sector banks where we see a lot of competition & change both from the employees' & customers' perspective.

2. Literature Review

Murphy, Kelvin.R, & Cleveland, J. (1995). *Understanding Performance Appraisal – social, organizational and goal based perspectives.* New York, USA: Sage Publications.

This book while postulating the basic importance of Performance Appraisal System, effectively covers the social, organizational and goal based appraisal aspects.

Kilam, I.K. (2007). HRD in Public Sector Banks – A study (Part I*), PNB Monthly Review vol. 29, No.04,* 29-41

Kilam, I.K. (2007). HRD in Public Sector Banks – A study (Part II). *PNB Monthly Review vol. 29, No.05,* 14-24

The author carried out a research based study on Career Planning and HRD aspects in Indian Public Sector Banks (PSBs). While analyzing the responses from 216 senior executives from different banks, it is revealed that 'Performance Appraisal and Review is one of the important components of overall HRD systems in Public Sector Banks, which contributes towards achievement & integration of individual and organizational goals. Further, it is also revealed that the performance appraisal & review system in PSBs needs a total review. Suggestions have emerged that the appraisal process must be computerized and viewed as a tool for peoples' development. The whole appraisal system needs to be changed from messenger level employees to managers, executives and top management officials, while making it uniform, transparent, unbiased and responsive to the present day needs. At the same time, it is also suggested that there must be special R&D wings in HRD departments in Public Sector Banks for on-going in-house and external research, development, review and implementation of HRD policies…..

Varma, Arup. (2008). *Performance Management System – A Global perspective*. New York, USA: Routledge.

The book is a good treatise on 'Performance Management System' & offers a truly global perspective on performance management practices. It illustrates the key themes of rater motivation, rater – ratee relationships and merit pay, and outlines a model for a global appraisal process. This model is then screened through a range of countries, including Germany, Japan, USA, Turkey, China, India & Mexico.

Padmaja, Alaganandan., & Nagpal, Gopal. (2008, May 9). Forced, Fixed or Fit. *Economic Times*.

This article highlights that despite importance of Performance Management System, it continues to be viewed as unresponsive to individual sources of motivation & they do

not seem to be explicitly aligned to achieving organizational goals, which misalignment needs to be addressed. It further states that in an economy, alignment matters for two reasons. First, because, it is possible to build performance management systems that are responsive to both business goals and to personal aspirations. Second, this nurturing of harmony opens up great possibility for individual and company potential to get realized. The article on the whole focuses on (1) Conserving time in performance planning & evaluation (2) Conserving energies by focus on vital goals and alignment (3) Unlocking energies and talent (4) Folly of fixed, forced fits – Boards of the companies have to take ownership of the performance management process by asking questions like – Are the goals fair? – Can we also reward work on a 'best efforts' basis, rather than only on outcomes, so that initiative and motivation do not get squashed…..

Ram Mohan, T.T., (2010, Sept 30) HRD in Banks is more than just pay. *Economic Times.*

This article focuses on three priorities for Public Sector Banks as HRD, HRD and HRD. It mentions the daunting challenge for PSBs on the HRD front. Banks need people of good quality at all levels to be able to cope with challenging times. It refers to the report of a Govt. Constituted Committee headed by former Chairman & Managing Director Bank of Baroda, Mr. Anil Khandelwal, on HR issues in PSBs.

3. Description of Broad Area / Topic

While the study is of a descriptive nature and aims at understanding the Performance Appraisal System as in vogue in Public sector banks within the overall gamut of HRD policies & practices, it will also test the validity of widely held assumptions as per hypotheses given below: .

Hypotheses of the Study

1. While the Performance appraisal system is an important component of the overall HRD system & it contributes both towards people's development & organizational improvement, the same is not uniformly implemented in all public sector banks.

2. The PAS is not implemented all across the public sector banking organizations among all cadres of employees.

3. While the performance appraisal system in public sector banking organizations does to a certain extent contribute towards appraisal of annual performance of individual employees, the information & feedback available in the performance appraisal forms is not comprehensively utilized for future development of people.

4. There is no formal in-house research on the HR front within public sector banking organizations, with the result, once a system is in place; there are no short term periodic reviews of the whole process to bring about quick necessary changes in the design & implementation process.

5. Majority of the employees actually do not like to be appraised and any appraisal not to their liking affects the morale of the employees.

4. Objectives of the Study

1. To enhance the available knowledge and understanding of the subject of Performance appraisal system within the overall HRD context.

2. To analyze, understand & review the existing performance appraisal system & its implementation process in various public sector banks in India.

3. To evaluate present practices & assess the methodology, frequency of evaluation and formats / tools employed in the performance appraisal & review process in Indian public sector banks.

4. To assess the degree of involvement of all the players in the appraisal process – the appraisees, the appraisers, the reviewers, the officials administering the whole process & that of the top management itself, with a view to assess the individual & organizational role towards better implementation of the performance appraisal process in Indian public sector banks.

5. To assess the role of concerned Govt. agencies controlling the Public Sector Banks, towards the process of designing & implementing the PAS process in these banks.

6. To understand the organizational performance plans & parameters on which the employees' performance is appraised and reviewed and their relevance in the present context.

7. To assess the need for bringing required changes in the design & implementation of Performance Appraisal system in public sector banks, keeping in view the massive changes that have taken place in the banking sector during last two decades.

8. To assess the impact of appraisal outcomes on the organizational & individual performances.

5. Methodology to be adopted

a) Review of available literature on Performance Appraisal System & its importance within the overall HRD system will be undertaken.

b) Thorough review of studies carried out by different banks on the area of Performance Appraisal System & the status on implementation of the findings of such studies.

c) Thorough study of the performance appraisal system as in vogue within public sector banks will be carried out.

d) The methodology, frequency of evaluation and formats / tools employed in the performance evaluation process of public sector banks will be analyzed.

e) Data will be obtained through a carefully designed questionnaire/interview schedule / structured discussions seeking responses from identified executives in public sector banks and a detailed content analysis of the responses would be undertaken with a view to get an insight about:

- Manner in which performance appraisal system is designed & implemented in these banks.

- The development orientation and feedback mechanism as is generated through implementation of this system & its level & method of utilization.

- The changes that are required to be introduced in making the performance appraisal system in public sector banks more vibrant and in tune with modern working environment, keeping in view the level of competition & the overall technological & economic changes taking place.

- Comparative practices of design & implementation of the performance appraisal system between public sector & private sector banks.

6. Proposed / expected outcome of the Research

The research on proposed topic will help to assess the degree of involvement of all the players in the appraisal process – the appraisees, the appraisers, the reviewers, the officials administering the whole process & that of the top management itself, with a view to assess the individual & organizational role towards better implementation of the performance appraisal process in Indian public sector banks. It will also help in identifying the need for bringing required changes in the design & implementation of Performance Appraisal system in public sector banks, keeping in view the massive changes that have taken place in the banking sector during last two decades.

7. Proposed Time Frame (Gantt Chart)

I	Synopsis Refinement & Finalization	2009, 2010
II	Literature Review	2010, 2011, 2012…….
III	Design of Questionnaire	2012
IV	Data Collection through visits to NIBM, Pune & training colleges of different banks	2012, 2013
V	Data Analysis	2013
VI	Writing & submission of thesis	2013, 2014

8. References

Ram Mohan, T.T., (2010, Sept 30). HRD in Banks is more than just pay. *Economic Times.*

Grote, Dick.(2010) Forced Ranking : Behind the Scenes – The Conference BoardReview. Retrieved from www.conference_board.org/articles/articlehtml.cfm

Yasmin, Taj. (2008, October 22). Half Times Score. *Times of India-Ascent.*

Sankar, R. (2008, September 16). Beyond the numbers. *Business Standard Supplement Strategist.*

Padmaja, Alaganandan., & Nagpal, Gopal. (2008, May 9). Forced, Fixed or Fit. *Economic Times.*

Varma, Arup. (2008). *Performance Management System – A Global perspective*. New York, USA: Routledge.

Bhas, Ramiya. (2007, July 26). Bitter Sweet Symphony, *Economic Times*.

Kilam, I.K. (2007). HRD in Public Sector Banks – A study (Part I*), PNB Monthly Review vol. 29, No.04,* 29-41

Kilam, I.K. (2007). HRD in Public Sector Banks – A study (Part II). *PNB Monthly Review vol. 29, No.05,* 14-24

Gopalakrishnan, R. (2006, November 20). Read the unspoken words in Appraisal. *Economic Times.*

Sarkar, Amita. (2004, July 22). Appraisals Should be linked to Performance : Gallup. *Business Standard.*

Majumdar, Shyamal. (2004, January 30). The Power of Peer Feedback. *Business Standard*

Murphy, Kelvin.R, & Cleveland, J.. (1995). *Understanding Performance Appraisal – social, organizational and goal based perspectives.* New York, USA: Sage Publications.

Dhawan, D.L. (1994, Dec 19). Accent on assessment. *Times of India Ascent*

Appraisals. (2010, June 2). *Approaches to Performance Development.* Retrieved from http://appraisals.naukrihub.com/performance_appraisal_approaches. html.

Appraisals. (2010, May 2). *Pre-requisites for Effective & Successful Performance Appraisal.* Retrieved from http://appraisal.naukrihub.com/Pre-requisites.html

Appraisals. (2010, May 2). *Process of Performance Appraisal* Retrieved from http://appraisals.naukrihub.com/Process.html.